

Partial Transcript of President's News Conference

Following is a partial transcript of President Kennedy's news conference yesterday.

The President: The Soviet Union and various Eastern European countries have expressed a willingness to buy from our private grain dealers at the regular world price several million tons of surplus American wheat or wheat flour for shipment during the next several months. They may also wish to purchase from us surplus feed grains and other agricultural commodities.

After consultation with the National Security Council, and informing the appropriate leaders of the Congress, I have concluded that such sales by private dealers for American dollars or gold, either cash on delivery or normal commercial terms, should not be prohibited by the government. The Commodity Credit Corp. in the Department of Agriculture will sell to our private grain traders the amount necessary to replace the grain used to fulfill these requirements, and the Department of Commerce will grant export licenses for their sale with the commitment that these commodities are for delivery to and use in the Soviet Union and Eastern Europe only.

An added feature is the provision that the wheat we sell to the Soviet Union will be carried in available American ships, supplemented by ships of other countries as required. Arrangements will also be made by the Department of Commerce to prevent any single American dealer from receiving an excessive share of these sales.

No action by the Congress is required, but a special report on the matter will be sent to both houses tomorrow.

Basically, the Soviet Union will be treated like any other cash customer in the world market who is willing and able to strike a bargain with private American merchants. While this wheat, like all wheat sold abroad, will be sold at the world price, which is the only way it can be sold, there is in such transactions no subsidy to the foreign purchaser; only a savings to the American taxpayer on wheat the government has already purchased and stored at the higher domestic price which is maintained to assist our farmers.

Will Strengthen U. S. Economy

This transaction has obvious benefit for the United States. The sale of 4 million metric tons of wheat, for example, for

an estimated \$250 million, and additional sums from the use of American shipping, will benefit our balance of payments and gold reserves by that amount and substantially strengthen the economic outlook for those employed in producing, transporting, handling and loading farm products.

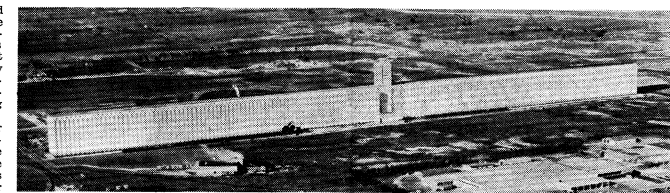
Wheat, moreover, is our number one farm surplus today, to the extent of about one billion unsold bushels. The sale of around 150 million bushels of wheat would be worth over \$200 million to the American taxpayer in reduced budget expenditures. Our country has always responded to requests for food from governments of people who needed it, so long as we were certain that the people would actually get it and know where it came from.

The Russian people will know they are receiving American wheat. The United States has never had a policy against selling consumer goods, including agricultural commodities, to the Soviet Union and Eastern Europe. On the contrary, we have been doing exactly that for a number of years, and to the extent that their limited supplies of gold, dollars and foreign exchange must be used for food, they cannot be used to purchase military or other equipment.

Our allies have long been engaged in extensive sales of wheat and other farm products to the Communist bloc, and, in fact, it would be foolish to halt the sales of our wheat when other countries can buy wheat from us today and then sell this flour to the Communists.

In recent weeks Australia and NATO allies have agreed to sell 10 million to 15 million tons of wheat and wheat flour to the Communist bloc.

This transaction advertises to the world as nothing else could the success of free American agriculture. It demonstrates our willingness to relieve food shortages, to reduce prices, and to improve relations with all countries, and it shows that peaceful agreements with the United States can serve the interests of both sides are a far more worthwhile course than the policy of isolation and hostility.



Half of a mile of wheat is stored in this grain elevator of the Farmers Co-operative of Hutchinson, Kans. It can hold about 17 million bushels of grain.—AP Wirephoto.

which are not in surplus, it would make no sense to refuse to sell those products on which we must otherwise pay the cost of storage. In short, this particular decision with respect to sales to the Soviet Union, which is not inconsistent with many smaller transactions over a long period of time, does not represent a new Soviet-American trade policy. That must await the settlement of many matters. But it does represent one more hopeful sign that a more peaceful world is both possible and beneficial to us all.

A. Do you have any misgivings about possible political repercussions from your decision?

A. I suppose there will be some who will disagree with this decision. That is true about most decisions. But I have considered it very carefully and I think it is very careful in the interest of the United States.

Stories On CIA Called Untrue

Q. Could you discuss... the stories or reports of how the CIA has undertaken certain independent operations, or independent of other elements of the American government, that are in South Vietnam?

A. I must say I think the reports are wholly untrue. The fact of the matter is that Mr. McCona (CIA director) sits in the National Security Council and we have worked very closely together in the National Security Council in the last two months attempting to meet the problems we faced in South Vietnam. I can find nothing, and I have looked through the record very carefully over the last nine months, and I could go back further, to indicate that the CIA has done nothing but support policy. It does not create policy; it attempts to execute it in those areas where it has competence.

tempting to explain some of the problems in Latin America, why coups take place, and what problems they present us with, but... we are using our influence and I am sure the other countries of the hemisphere are using their influence in those areas where coups have taken place to provide for an orderly restoration of constitutional processes.

Q. Beyond the immediate action... does the United States plan any general enunciation of policy in regard to military regimes, or does it contemplate asking general hemispheric action in regard to this?

A. As far as our national policy, it was described on Friday, with the withdrawal of our diplomats—our ambassadors, our aid, our military assistance and all the rest, so I think we have made very clear our policy and our interest in providing for a return to...

Denies Revival Of Latin Policy

Q. Was Assistant Secretary Martin's statement cleared with you, and if so, does it represent a reversal of your policy on dictatorships in Latin America?

A. No, I was informed generally of what Mr. Martin was saying, and in fact, I re-read it this afternoon. In the first place, our policy is not reversed. If attention could be drawn to Secretary Rusk's statement of Friday evening in regard to the coups in the Dominican Republic and Honduras, we made it very clear that we are opposed to an interruption of the constitutional system by military coups, not only because we are all committed under the Alliance for Progress to democratic government and progress and progress, but also because, of course, dictatorships are the seeds from which communism ultimately grows.

Sees Long Road Facing Goldwater

Q. There is a widespread expression that you expect Senator Barry Goldwater to be the Republican nominee for President next year. I think your speech in Salt Lake City had something to do with that. Is that your expectation?

A. I think he can do it. I think it is possible for him to do it. But he has a long road to go, recalling the situation in September 1959, October 1959. I think Senator Goldwater has a trying seven or eight months which will test his endurance and his perseverance and his agility.

Q. Former President Eisenhower wrote recently in an article that he was unclear about certain major issues. I wonder, sir, whether you share this uncertainty and if so how you think Senator Goldwater should better express himself.

A. Senator Goldwater is speaking frequently, and he is saying what he thinks as the time he speaks, and I think therefore, we have an opportunity to make a judgment of where he stands. I don't think Senator Goldwater has ever been particularly deceptive. I think he has made very clear what he is opposed to and what he is for. I have gotten the idea. I think President Eisenhower will, as time goes on...

Q. How do you feel about Senator Gruening's proposal to set up a congressional committee as a watchdog over the CIA?

A. I think the present committee, there's one in both the House and Senate which maintains very close liaison with the CIA, is best, considering the sensitive nature of the Central Intelligence Agency. In addition, I have an advisory

U. S. Concerned Over Price Rises

Q. Last spring there were selective price increases in steel, recently there have been price increases in steel. Are you concerned about these increases...

A. Well, we are watching very carefully the rises which have taken place in certain industries. This country has avoided an inflationary spiral. We see no reason why there should be one now. The whole-sale price index has remained relatively constant for five years. We are concerned that price increases in one or two basic areas may stimulate other price increases which will affect adversely our competitive position abroad, and therefore, affect our balance of payments, therefore, affect our national interest.

Q. Has there been an official ruling that giving commercial credits to Russia would not violate the Johnson Act?

A. Yes, that is correct, because it is not a government-to-government transaction... But I have gotten a ruling from the Department of Justice that this does not contravene existing laws, particularly the Johnson Act... The grain dealers will take the risk with the private banks.

Q. If I understood you correctly on the wheat statement, you said the Russian people will know they are receiving American wheat... Is that by some agreement with the Soviet Union or how would that come about?

A. No, we have our own means of informing the Soviet Union. As you know, for many months the Voice of America has not been blocked, for example, and, therefore, we believe we have adequate means to inform the Russian people of the arrangement.

council... on the work of the intelligence community. I am well satisfied with the present arrangement...

Prefers to Wait Until Next Year

Q. Mr. President, as the election year approaches, there is an unusual amount of political activity already, as the questions reflect. I wonder if you would give us your thinking as an experienced politician as to the prime assets of your administration next year, and whether our prospects for peace are greater, and whether our defenses are stronger, and whether we are making progress at home and abroad. That is a matter which it seems to me will be argued very strongly in '64. For example, we make a judgment about the state of the economy in '64. I think if they pass our tax bill, we are going to be able to demonstrate a very successful, ebullient economy for a period of four years. If they do not, we will have a different situation. I cannot tell what our relations will be in Southeast Asia a year from now. I know that result of our policy is attempting to bring. But I think that result ought to be judged in the summer of 1964 and the fall of 1964... It is too early now.

Q. Have you brought back any dominant impressions of your two recent trips in the West and South, political impressions?

A. I would say we are going to have a hard, close fight in 1964, but that has been my impression for a good many months.

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Kennedy Hails Role of CIA

President Kennedy has given the Nation flat assurance that the Central Intelligence Agency has not carried out independent activities in South Viet Nam.

John H. Richardson, CIA chief in Saigon, recalled reportedly under some sort of cloud last week end, is "a very dedicated public servant," Mr. Kennedy told his news conference last evening. He operated under close control of CIA Director John McCone, the President added.

He referred, however, to the "transfer" of Mr. Richardson, indicating the controversial figure would not return to Saigon.

A search of the record in the last nine months shows the CIA has done nothing but support agreed policies in South Viet Nam, Mr. Kennedy reported.

"It does not create policy," he emphasized, "it attempts to execute it in those areas where it has competence and responsibility."

Moreover, the CIA director, the United States Ambassador, Henry Cabot Lodge, and the Secretaries of State and Defense are now in agreement on policy in Viet Nam. If there is disagreement at lower levels, he speculated, this would be because "they are not wholly informed of what actions we are taking. Some of them are necessarily confidential."

Reports the CIA undercut United States policy in Viet Nam are "wholly untrue" the President declared.

"While the CIA may have made mistakes," he added, "as we all do, on different occasions, and has had many successes which may go unheralded, in my opinion in this case it is unfair to charge them as they have been charged. I think they have done a good job."

No new congressional watchdog committee is needed to keep an eye on the CIA, in the President's opinion, because those Congressional groups now watching CIA expenditures are doing an adequate job.

The President also assured the Nation that the United States continues to oppose military coups in Latin America.

Coups are "self-defeating and defeating for the Hemisphere" he said.

Both the Dominican Republic and Honduran governments have recently been overturned by coups.